

# Beating the Parking Crunch:

How to Reduce Traffic, Expand Parking Supply, Save Money and Improve Employee Commutes

Patrice Thornton  
Best Workplaces for Commuters<sup>SM</sup>  
U.S. Environmental Protection Agency

Every day parking costs take huge bites out of facility, management budgets. Employers everywhere struggle to keep up with their employees' demand for inexpensive parking. Employees, meanwhile, face slow and stress-inducing commutes on congested highways. But by persuading commuters not to drive to work, facility managers can save their employers the cost of providing parking while saving employees the hassle of rush-hour traffic. To help facility managers and other parking professionals promote the use of public transit and other commuting options, the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT) have established Best Workplaces for Commuters<sup>SM</sup>. Through this voluntary partnership program, EPA provides recognition to workplaces that provide incentives for their employees to leave their cars at home.

## The problems

Facility managers are responsible for maintaining a productive work environment for their tenants. They solve problems of poor lighting, malfunctioning elevators and faulty plumbing, but often don't realize they can also address the most common complaint of all: rush-hour traffic. For many commuters, driving to work is the most nerve-racking and dangerous part of the day. According to the Texas Transportation Institute, the average commuter spends

46 hours every year waiting in delays—up from just 16 hours in 1982. A recent study showed that nearly half of workers describe their commutes as unsatisfying or stressful, and more than one-third of all workers would be willing to take a 10 percent pay cut or more for a shorter commute.

Despite a worsening commute, employees continue to demand parking while the cost to provide it climbs and real estate grows scarce. To meet employees' demands, employers continue to construct parking facilities—at an exceptionally high cost. Building and maintaining a single parking space in a suburban area costs an employer \$432 every year. Employers in urban areas spend \$1,598 annually for every spot they build.

In all, overcrowded roads cause U.S. employees to lose more than more than \$63.2 billion in wasted time and fuel. Every year, motor vehicles burn at least 5.7 billion gallons of fuel while waiting in traffic and account for at least 29 percent of air pollution emissions nationwide. Clearly, traffic congestion is a big problem for employers' and employees across the country—but facility managers are in a position to help.

## "Free parking" isn't free

When asked how they improve their employees' commutes, many employers answer "free parking." Federal tax law

allows employers to exclude up to \$200 per employee each month from their income for tax purposes for providing free parking—an incentive to offer that benefit. But free parking encourages employees to drive to work alone, increasing traffic congestion and compounding commute-related stress—making them less likely to arrive to work on time and less productive when they finally do arrive. If each worker earning \$30,000 per year takes 15 minutes each day to recover from a stressful trip to work, the company loses \$937 per person every year for time lost. And if those same employees show up to work 15 minutes late twice a week because of traffic congestion, the employer loses an additional \$375 per person every year.

Employers don't know that they can actually improve their employees' commutes by providing such benefits as subsidized transit passes or telework programs. Federal law allows employers to provide "qualified transportation fringe" benefits tax-free. Employers that offer benefits such as transit or vanpool passes can provide up to \$105 per month tax-free in passes for every covered employee.

Providing commuter benefits is simply more cost-effective than providing free parking. A year's supply of transit passes can be up to 25 percent less-expensive than building and maintaining parking spaces for employees.

*Contd. on p.39*



## EPA's Best Workplaces for Commuters<sup>SM</sup> Program

Many businesses do not offer any incentives to encourage employee use of public transit or other commuting options. Businesses are wed to their parking facilities just as commuters are wed to their cars, accepting them as an expensive, but unavoidable, cost of business. The Best Workplaces for Commuters program distinguishes companies that provide outstanding incentives for their employees to leave their cars at home. Best Workplaces for Commuters provides resources and marketing tools to help organizations maximize their employees' use of other commute modes.

By providing employees with an array of commuting choices, an employer can meet the National Standard of Excellence and become one of the Best Workplaces for Commuters. To meet the criteria for the Best Workplaces for Commuters designation, employers must provide a primary benefit option, several supporting benefits, and access to an emergency-ride-home program.

Many employers on the list of Best Workplaces for Commuters offer transit subsidies of at least \$30 per employee per month. By offering employees subsidized bus or subway passes, employers can provide to them a cost-effective and less-stressful way to commute to work. Transit authorities often sell passes at a bulk discount to employers that provide individual passes to employees. In addition to the employer's tax deduction for providing transit benefits, employees receiving up to \$105 in transit benefits each month will also not have to pay income tax on that amount.

Similar to transit subsidies, employers can also provide each employee with up to \$105 per employee per month in tax-free vanpool benefits. Van rental programs and vanpool-matching systems are available across the country and online.

Organizations that establish teleworking networks can eliminate employees' commutes altogether. To qualify as one of the Best Workplaces for Commuters with a telework benefit, the employer must show that telework reduced the total number of employee commutes by at least six percent.

## Success Stories

Sun Microsystems, recognized as one of the Best Workplaces for Commuters since 2003, established telework programs that have proven to be very cost-effective. Close to half of Sun Microsystems 32,000 employees have given up their assigned desks, saving Sun \$69 million every year in real estate expenses. According to a survey, the employees give back 60 percent of their saved commuting time to the company, while keeping 40 percent for themselves—a win-win situation for employee and employer.


LexisNexis, on the Best Workplaces for Commuters list since April 2004, maintains a telework program called "Alternate Work Solutions." It assists people who telework from home part-time or full-time, as well as those who work virtually from hotels and airports while on business trips. In 1995, the first year of the program, LexisNexis realized a \$6 million savings in operating expenses.

## What Facility Managers Can Do


At many workplaces, facility managers are responsible for managing parking services. They can see firsthand the costs of drive-alone commuting. At worksites owned by individual employers, facility managers can help cut parking expenses and improve employees' commutes by convincing their employer to offer commuter benefits.

If the facility is independent from its tenants, facility managers should consider offering their tenants commuter options in addition to parking services. Giving commuters the choice between a parking pass or a subsidized transit pass can help reduce demand on over-full parking garages and allow facility managers to meet more employees' commuting needs.

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